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**PACIFIC**  **TELESIS**  
Group-Washington

July 10, 1995

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

William F. Caton  
Acting Secretary  
Federal Communications Commission  
Mail Stop 1170  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

Re: *GEN Docket No. 90-314 - Amendment of the Commission's Rules to Establish New Personal Communications Services*

On behalf of Pacific Bell, Nevada Bell, Pacific Bell Mobile Services and Pacific Telesis Mobile Services, please find enclosed an original and six copies of their "Plan of Non-Structural Safeguards Against Cross Subsidy and Discrimination" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Enclosure

cc: Laurence Atlas  
John Cimko  
Gerald Vaughan  
Michael Wack

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
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In the Matter of

Amendment of the Commission's  
Rules to Establish New Personal  
Communications Services

GEN Docket No. 90-314

DOCKET FILE COPY ORIGINAL

**PACIFIC BELL, NEVADA BELL, PACIFIC BELL MOBILE SERVICES  
AND PACIFIC TELESIS MOBILE SERVICES'  
PLAN OF NON-STRUCTURAL SAFEGUARDS  
AGAINST CROSS-SUBSIDY AND DISCRIMINATION**

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NEVADA BELL  
PACIFIC BELL MOBILE SERVICES  
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Date: July 10, 1995

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## SUMMARY

This plan describes how the non-structural safeguards we have in place protect against cross-subsidy and ensure non-discriminatory interconnection for wireless carriers.

Our Personal Communications Services ("PCS") will be provided through a wholly owned subsidiary of Pacific Bell, Pacific Bell Mobile Services ("PBMS"). Pacific Bell and Nevada Bell will fully comply with the accounting safeguards in their transactions with PBMS. The existence of the separate subsidiary will easily allow the tracking of the costs of PCS services separately from our regulated services. All services provided to PBMS by Pacific Bell and Nevada Bell will be at tariffed rates, or if not tariffed, at fully distributed cost unless there is a market rate for such services.

Customers of Pacific Bell and Nevada Bell's regulated telephony services will not be paying for PCS services and they will not be disadvantaged in any way by the provision of PCS service.

Pacific Bell and Nevada Bell will offer fair and reasonable interconnection to all wireless carriers. Pacific Bell will provide interconnection pursuant to contract. Nevada Bell will provide interconnection pursuant to tariff. In both cases PBMS will receive the same type of interconnection at the same price with the same terms and conditions and with the same installation and repair intervals as all other similarly situated wireless carriers. Our existing interconnection arrangements, which have been in place many years, provide an appropriate benchmark for measuring the interconnection PBMS receives as opposed to that received by other wireless carriers.

In sum, our plan ensures that regulated revenues will not subsidize PCS service and interconnection service will be provided in a non-discriminatory manner.

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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**PACIFIC BELL, NEVADA BELL, PACIFIC BELL MOBILE SERVICES  
AND PACIFIC TELESIS MOBILE SERVICES'  
PLAN OF NON-STRUCTURAL SAFEGUARDS  
AGAINST CROSS-SUBSIDY AND DISCRIMINATION**

The Commission's Second Report and Order in the above-captioned proceeding states that commencement of PCS service by local exchange companies ("LECs") is "contingent on the LEC implementing an acceptable plan for non-structural safeguards against discrimination and cross-subsidization."<sup>1</sup> Pacific Bell, Nevada Bell, Pacific Bell Mobile Services and Pacific Telesis Mobile Services describe their plan herein.

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<sup>1</sup> Amendment of the Commission's Rules to Establish New Personal Communications Services, GEN Docket No. 90-314, 8 FCC Rcd 7700, para. 115, n.96 (1993) "Second Report and Order".

## I. INTRODUCTION

The Commission has extensively considered LEC participation in the provision of PCS services. In its Notice of Inquiry in 1990 the Commission sought comment on LEC participation.<sup>2</sup> In its Notice of Proposed Rulemaking (“NPRM”) in 1992 it “tentatively concluded that there was a strong case for allowing LECs to provide PCS within their respective service areas.”<sup>3</sup>

In the Second Report and Order the Commission responded to comments to its NPRM and explained to what extent LECs would be permitted to offer PCS services and under what conditions. The Commission concluded that there were several reasons why LECs should be permitted to offer PCS. One reason was that economies of scope between PCS and the wireline network would benefit the public. “We believe that these economies will promote more rapid development of PCS and will yield a broader range of PCS services at lower costs to consumers.”<sup>4</sup> Another reason was the belief that “permitting LECs to provide PCS service would encourage them to develop their wireline architecture to better accommodate all PCS services.”<sup>5</sup> The only limitation was that LECs with cellular interests were limited to 10 MHz of PCS spectrum in the areas that overlapped with their cellular interests.<sup>6</sup>

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<sup>2</sup> In the Matter of Amendment of the Commission’s Rules to Establish New Personal Communications Services, GEN Docket No. 90-314, Notice of Inquiry 5 FCC Rcd 3995 (1990) para. 27.

<sup>3</sup> In the Matter of Amendment of the Commission’s Rules to Establish New Personal Communications Services, GEN Docket No. 90-314, Notice of Proposed Rulemaking and Tentative Decision, 7 FCC 5676 (1992) para. 75.

<sup>4</sup> Id. at para. 126.

<sup>5</sup> Second Report and Order, para. 113.

<sup>6</sup> Id. at para. 105; see also In the Matter of Amendment of the Commission’s Rules to Establish New Personal Communications Service, GEN Docket No. 90-314, Memorandum Opinion and Order, 9 FCC Rcd 4957 (1994) paras. 98-140.

The Commission specifically addressed whether LECs should provide PCS through separate subsidiaries to prevent non-competitive behavior. It concluded separate subsidiaries are not necessary:

no new separate subsidiary requirements are necessary for LECs (including BOCs) that provide PCS. Indeed, by seriously limiting the ability of LECs to take advantage of their potential economies of scope, such requirements would jeopardize, if not eliminate, the public interest benefits we seek through LEC participation in PCS. In addition, we do not believe that commenters have justified imposing additional cost-accounting rules on LECs that provide PCS service.<sup>7</sup>

In sum, the Commission's Second Report and Order gave LECs' management flexibility with respect to the corporate placement of its PCS operations: its overriding goal being that LEC provision of PCS would benefit the public.

## II. BUSINESS PLACEMENT OF PCS

Pacific Telesis Mobile Services was the winning bidder for licenses for the Northern and Southern California Major Trading Areas. On June 23, 1995, the Wireless Bureau granted our licenses.<sup>8</sup>

The PCS licenses are held by a wholly owned subsidiary of Pacific Telesis Group, Pacific Telesis Mobile Services ("PTMS"). PTMS was established to hold our PCS licenses for several reasons: (i) to reduce the size of the total PCS investment that is carried by Pacific Bell through its wholly owned subsidiary, Pacific Bell Mobile Services; (ii) to ensure that the costs and risks involved in the acquisition and ownership of the licenses are borne by

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<sup>7</sup> Second Report and Order, para. 126.

<sup>8</sup> Radio Station Authorization, Commercial Mobile Radio Services, Personal Communications Services - Broadband, File No. 0006-CW-L-95 and 00002-CW-L-95, issued on June 23, 1995.

shareholders, not ratepayers, and (iii) to carry out our financing plan without affecting Pacific Bell's credit rating. Our rating at present is AA-, and we want to protect it. Preserving an excellent credit rating serves an important public purpose and benefits Pacific Bell's customers.<sup>9</sup>

PTMS has entered into a letter agreement under which Pacific Bell Mobile Services ("PBMS"), a wholly owned subsidiary of Pacific Bell, will design, construct, manage, operate, and market services for PTMS. PBMS intends to provide these services in both California and Nevada. Marketing in Nevada, however, may be done by Nevada Bell, by PBMS itself, or by some other arrangement with Nevada Bell. PTMS will retain control and supervision over the licensed system.

We have chosen to provide PCS services through a wholly owned subsidiary of Pacific Bell rather than as a fully integrated division for several reasons. One, since PCS is a competitive service with associated risks, a separate subsidiary will permit a different compensation system that reflects the risk in the business. Two, a separate subsidiary will provide a more discrete measurement of operating results. Three, it provides the advantage of a single purpose entity that can still take advantage of many of the economies of scope described by the Commission, such as joint marketing and collocation.

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<sup>9</sup> This subsidiary is a subsidiary for corporate organizational purposes. It is not a structurally separate subsidiary for regulatory purposes.



### III. PCS SAFEGUARDS PLAN TO PREVENT CROSS-SUBSIDY AND ENSURE NON-DISCRIMINATORY TREATMENT OF OTHER PCS PROVIDERS

#### A. Issues of Cross-subsidy

The Commission has stated that PCS providers affiliated with local exchange carriers are subject to accounting safeguards. Those rules are designed to prevent cross-subsidy between regulated and non-regulated services and between a regulated carrier and non-regulated affiliates.<sup>10</sup> The Commission has also clarified that services that have never been subject to rate regulation are considered to be non-regulated services for federal accounting safeguards purposes.<sup>11</sup> Thus, although PCS is a regulated service in many aspects, the absence of rate regulation makes it a non-regulated service for federal accounting safeguards purposes. We have treated it as non-regulated and will continue to do so.

The Commission stated that the accounting "...safeguards are necessary because they help to insure that costs of non-regulated affiliates are not passed to and included as costs of the local exchange carrier."<sup>12</sup> A separate subsidiary, PBMS, will easily allow tracking the costs of PCS services separately from Pacific Bell's and Nevada Bell's regulated services and

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<sup>10</sup> Pacific Bell and Nevada Bell have implemented the accounting safeguards: we have approved Cost Allocation Manuals (CAMs) which we revise as required by Commission rules. Our proposed revisions are subject to notice and comment. The Commission annually audits our compliance with our CAM provisions and Part 64 rules.

<sup>11</sup> In the Matter of Eligibility for Specialized Mobile Radio Services and Radio Services in the 220-222 MHz Land Mobile Band and Use of Dispatch Communications, GN Docket No. 94-90, Notice of Proposed Rulemaking, 9 FCC Rcd 4405 (1994) para. 20,n.64; see also, Separation of Costs of Regulated Telephone Services from Costs of Non-regulated Activities, CC Docket No. 86-111, Report and Order, 2 FCC Rcd 1298, 1307 (1987).

<sup>12</sup> In the Matter of Implementation of Sections 3(n) and 332 of the Communications Act Regulatory Treatment of Mobile Services, GEN Docket No. 93-252, Second Report and Order, 9 FCC Rcd 1441, para. 218 (1994) ("Mobile Service Order").

accomplish the Commission's goal of keeping costs of PCS separate from costs of other telephony services. Furthermore, as the Commission has recognized, price cap regulation has greatly reduced the incentive of a carrier to engage in cross-subsidization since there is very limited ability to raise rates under price cap regulation.<sup>13</sup>

Pacific Bell and Nevada Bell will fully comply with the accounting safeguards in our transactions with PBMS and PTMS.<sup>14</sup> Section 32.27(b) relates to assets purchased by or transferred to the regulated telephone activity of a carrier from nonregulated affiliates. We do not anticipate that PBMS will transfer or sell any assets to Pacific Bell or Nevada Bell. Section 32.27(c) relates to assets sold or transferred from the regulated accounts to nonregulated affiliates. Again, we do not anticipate selling or transferring assets from Pacific Bell or Nevada Bell to PBMS. To the extent that any assets are sold or transferred between Pacific Bell and/or Nevada Bell and PBMS, we will comply with all applicable rules.

Section 32.27(d) states that services provided to a nonregulated affiliate pursuant to a tariff shall be provided at the tariffed rates, or if not tariffed, at fully distributed costs unless the carrier can establish a prevailing price for those services. We anticipate that PBMS will purchase tariffed services as well as services at fully distributed costs from Pacific Bell and Nevada Bell. In addition, PBMS anticipates that it will purchase interconnection service from Pacific Bell under a contract arrangement.

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<sup>13</sup> Policy and Rules Concerning Rates for Dominant Carriers, First Report and Order, 4 FCC Rcd 2873 (1989).

<sup>14</sup> Pacific Bell revised its CAM to describe the services that we will provide to PBMS. See, Pacific Bell CAM, December 31, 1994, pp. V-38 - V-42. Nevada Bell also revised its CAM on December 31, 1994, pp. V-1 - V-5. Both Pacific Bell and Nevada Bell revised their CAMs on June 30, 1995 to describe services that will be provided to PTMS. Pacific Bell, pp. V-3 and V-42C, Nevada Bell, pp. V-3 - V-3A. Cited pages are enclosed in Exhibit A. Due to PTMS's limited role, it is anticipated that Pacific Bell and Nevada Bell will provide only occasional legal and regulatory services to it at fully distributed cost.

Interconnection services are now available to commercial mobile radio service ("CMRS") providers in California by contract. Pacific Bell has a proposal to have these services provided under tariff pending at the California Public Utilities Commission ("CPUC"). PBMS will purchase interconnection services under the same contract terms and conditions that are available to all CMRS providers until the tariff is effective. If the state interconnection tariff is approved, PBMS will purchase interconnection services under the tariff. However, the Administrative Law Judge for the CPUC recommended in September, 1994 that the proposed tariff be included in its proceeding on open access framework for network architecture but this has not yet occurred. This is a large, complex proceeding and at this point it is impossible to predict when or if the tariff will become effective. The purchase of interconnection services will be discussed in more detail in the non-discrimination section. Any other tariffed services purchased by PBMS will be at the tariffed price.

Nevada Bell has an effective interconnection tariff on file with the Public Service Commission of Nevada. Any interconnection services purchased by PBMS from Nevada Bell will be at tariffed rates. Any other tariffed services will also be purchased at the tariffed rate.

PBMS anticipates that it will use Pacific Bell and Nevada Bell sales channels for some of its marketing activity and will also locate some of its equipment on Pacific Bell and Nevada Bell property. This will allow PBMS to take advantage of the economies of scope that the Commission identified in the Second Report and Order.<sup>15</sup> PBMS will compensate Pacific Bell and Nevada Bell pursuant to the Commission's Part 64 rules. PBMS will pay fully

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<sup>15</sup> Second Report and Order, para. 126.

distributed cost for these services as well as any other services for which there is no tariff price or prevailing price.

Section 32.27(d) also states that services provided by an affiliate to the regulated activity, when the same services are also provided by the affiliate to unaffiliated persons or entities, will be recorded at market rate. Pacific Bell and Nevada Bell anticipate that they will purchase wireless services for their own use from PBMS and will record such transactions at the market price.

In addition to federal accounting safeguard rules, transactions between affiliates in California are governed by a stringent set of affiliate transaction guidelines required by the CPUC which are also designed to prevent cross-subsidy. In sum, federal and state affiliate transaction accounting rules, the price caps structure, and our own corporate placement of PCS in a separate subsidiary provide full protection to customers of regulated services against cross-subsidy.

B. Non-Discriminatory Interconnection

The Commission said that its concern with discrimination is related to the interconnection of PCS to the local exchange network.<sup>16</sup> The Commission wants to ensure that the PCS affiliate of a LEC does not receive more favorable treatment with respect to interconnection than any non-affiliated PCS provider.

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<sup>16</sup> In the Matter of Amendment of the Commission's Rules to Establish New Personal Communications Services, GEN Docket No. 90-314, Notice of Proposed Rulemaking and Tentative Decision, 7 FCC Rcd 5676 (1992) para. 72.

In its Second Report and Order in Docket 93-252, the Commission stated that it will require LECs to provide “reasonable and fair interconnection for all commercial mobile radio services.”<sup>17</sup> The Commission has preempted state and local regulations of the type of interconnection to which CMRS providers are entitled, but it has not preempted intrastate interconnection rates.<sup>18</sup> In Docket No. 94-54, the Commission is currently considering whether interstate interconnection arrangements should be tariffed.<sup>19</sup> The Commission has determined that “reasonable interconnection” will include offering the type of interconnection chosen by a carrier if it is technically and economically reasonable and providing that interconnection within a reasonable time.<sup>20</sup>

Pacific Bell and Nevada Bell are committed to offering fair and reasonable interconnection to all CMRS providers. Wireless interconnection is an important market that Pacific Bell and Nevada Bell have been serving for more than a decade. As noted above, in California interconnection arrangements are currently offered pursuant to contracts that are filed with the CPUC. In Nevada, an interconnection tariff is in effect.

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<sup>17</sup> Mobile Services Order, para. 230.

<sup>18</sup> *Id.* at para. 230, 231.

<sup>19</sup> In the Matter of Equal Access and Interconnection Obligations Pertaining to Commercial Mobile Radio Services, CC Docket No. 94-54, Notice of Proposed Rulemaking and Notice of Inquiry, 9 FCC Rcd 5408 (1994) para. 132.

<sup>20</sup> 47 CFR §20.11(a).

PBMS will receive the same interconnection arrangements that are available to any other similarly situated CMRS provider. PBMS will not receive any pricing advantage due to location of PBMS equipment at Pacific Bell and Nevada Bell facilities. Our rates for interconnection between the switch of the CMRS provider and its serving wire center do not contain any distance sensitivity. Nor will PBMS receive a discount on account of size. Pacific Bell's discount rates are based on the term of the contract and the individual carrier's projected minutes of use growth rather than total volume. All wireless carriers that commit to the same term and growth are eligible to receive the same discount.<sup>21</sup>

Interconnection of the same type will be available to all CMRS providers in the same time frame. PBMS will not receive better response time for installation, maintenance, or repair. The speed of installation of facilities to provide interconnection is determined by the type of interconnection desired. For example, interconnection at a tandem office will usually take longer than at an end office because tandem office interconnection always requires opening a new number prefix code. This involves coordinating the opening of a new number prefix code with Bellcore so that all routing information for the new prefix will be in effect throughout the nation when the prefix goes into effect. Typically, this process takes about 120 days. End office interconnection can be achieved much faster, if only a small amount of numbers is requested. For example, installation for a small block of numbers, for example 200, may only take 30 days.

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<sup>21</sup> Nevada Bell does not have discount rates for wireless interconnection at this time.

When customers initially contact Pacific Bell or Nevada Bell for installation, they generally specify the date on which they desire service. Our goal is to meet that date. The service request is placed in the Service Order Retrieval and Distribution System ("SORD"). Once the orders are taken and input into SORD, they are downloaded mechanically to downstream systems responsible for completing the provisioning process.

Wireless carriers are able to place orders by calling the Interexchange Carrier Service Center or using Customer Enhanced System for Access Requests ("CESAR"). PBMS will use the same channels for ordering services as all other wireless carriers.

Repair services for interconnection facilities are offered on a non-discriminatory basis. Repair calls are handled by dialing the number for the Access Carrier Service Center. Repair requests are worked in the order received. The major consideration in the process is meeting the commitment made to the customer. The service priority is determined by the nature of the trouble and the needs of a particular customer. For example, a service outage affecting many end users will get immediate priority.

Interconnection will be through standard network interfaces. Thus, competitors' and PBMS' quality of interconnection and service will be equivalent. We currently offer the following types of interconnection for Wireless Carriers ("WC").

#### Interconnection Service Arrangements

Type 1 WC Interconnection - This service is an end office interconnection permitting incoming and outgoing traffic capability. The parameters of this interconnection must conform to the address and supervision protocols described in Bellcore Technical Advisory TA-NPL-000912 and Bellcore Technical Reference TR-NPL-000145.

Type 2A WC Interconnection - This service is an access tandem interconnection permitting incoming and outgoing capability where the WC's switching equipment functions in a manner like the Utilities end office. The parameters of this interconnection must conform to the address and supervision protocols described in Bellcore Technical Reference TR-NPL-000145.

Type 2B WC Interconnection - This service is a one-way end office interconnection for Mobile-to-Land traffic between a WC's point of termination and the designated Utility end office switch for usage to numbers residing within that end office. Calls are handled using trunk address protocols and multi-frequency signaling to identify the called station number as described in Bellcore Technical Reference TR-NFL-000145.

Type 2AOSS WC Interconnection - This is a one-way, Mobile-to-Land trunk connection between the WC's MTSO and the Utilities' DMS TOPS Tandem. The connection uses a modified Operator Services Signalling Multi-Frequency, 4-wire trunk signaling, progress tones used in Modified OSS protocol will be in conformance with Bellcore's TR-506, Intersystem A C signaling.

Type S WC Interconnection - This service is a signaling interface that is a physical SS7 signaling link connection between the Utilities' network and carriers' network. Signaling information is passed via this "S" interface. The Type "S" interface is used to exchange SS7 Integrated Services Digital Network User Part (ISDNUP) and SS7 Transaction Capability Applications Part (TCAP) messages to support the applications to be provided between networks. The Type S interface is a physical interconnection and does not, by itself, include any applications (i.e. SS7 specific functions or services that are provided by the Utility or carrier). Pacific may support an application in some geographic areas and/or vendor specific equipment and not in others. No trunk connections are included in, or with, the Type S interface.

See Exhibit B for a diagram of wireless interconnection.

In addition, other types of interconnection are allowed, e.g., Feature Group access. PCS providers may have slightly different interconnection needs. Consistent with



federal policy, we will comply with requests for other types of interconnection to the extent the interconnection is economically and technically reasonable.

In sum, Pacific Bell and Nevada Bell are anxious to provide interconnection to the new licensees and all CMRS providers. Our affiliate, PBMS, will receive the same type of interconnection at the same price with the same terms and conditions and with the same installation and repair intervals as all other similarly situated CMRS providers. Our existing interconnection arrangements, which have been in place many years, provide an appropriate benchmark for measuring the interconnection services PBMS receives as opposed to that received by other wireless providers.

#### IV. CONCLUSION

As described above, interconnection to Pacific Bell and Nevada Bell's networks will be offered to all CMRS providers on a non-discriminatory basis. Costs of our PCS service will be easily identified through the separate accounting within the PCS subsidiary. All services provided by Pacific Bell and Nevada Bell to the PCS subsidiary will be either at the tariffed rate, if applicable, or if the service is not tariffed, the service will be provided at fully distributed costs, unless a prevailing price can be established. Customers of Pacific Bell and Nevada Bell's regulated telephony services will not be paying for PCS services and they will not be disadvantaged in any way by our provision of PCS service. If anything, they will benefit from the increased demand for Pacific Bell and Nevada Bell services through the purchase of

those services by the PCS subsidiary. We respectfully request that the Commission approve our plan.

Respectfully submitted,

PACIFIC BELL  
NEVADA BELL  
PACIFIC BELL MOBILE SERVICES  
PACIFIC TELESIS MOBILE SERVICES

  
JAMES P. TUTHILL  
BETSY STOVER GRANGER

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Their Attorneys

Date: July 10, 1995

# **Exhibit A**

## **A. Goods and Services Provided by Pacific Bell to Nonregulated Affiliates - Continued**

### **Pacific Bell Mobile Services**

#### **Administrative Services**

**Centralized Distribution** - distributes printed material to employees. Frequency - on-going.

**Company Directory** - provides production and distribution of official company directories; provides facilities and personnel for a directory service to locate employees (previously known as Employee Locator); provides automated internal directory assistance to callers 24 hours a day from a touchtone telephone (Touch-Tell Directory). Frequency - on-going.

**Bellcore Billing Administration** - provides the expense billing mechanism for participation in Bellcore projects. Frequency - as requested.

#### **All Departments**

**Miscellaneous Consulting** - provides short term advisory services on topics initiated by affiliates subject to proprietary information protections. Frequency - as requested.

#### **Corporate Communications**

**Pioneer Administration** - provides for the administration of all phases of The Pioneers of America. Frequency - on-going.

**Special Projects/United Way/U. S. Savings Bonds** - coordination and administration of the United Way and Savings Bond programs. Frequency - on-going.

#### **Engineering**

**Statewide Line Engineering Services** - provides for the relocation of incumbent two GHz Private Operational Fixed Microwave Service users to make available the spectrum necessary to implement PCS network; establishment of interconnect microwave links; detailed engineering for site preparation and PCS equipment installation; minicomputer engineering, information management and resident engineering services for PCS network and surveillance network. Frequency - on-going.

## **A. Goods and Services Provided by Pacific Bell to Nonregulated Affiliates - Continued**

### **Pacific Bell Mobile Services (con't)**

#### **Financial Operations**

**Officer Payroll Processing** - provides payroll processing services such as payroll change reports, allotments and deduction authorizations and cancellations, employee tax withholding exemption records, payrolls and service pension. Frequency - on-going.

**Special Payments Processing** - provides processing for Long and Short Term Incentive Plan payments, issuing checks and any authorized deductions. Frequency - as requested.

#### **Fleet Management**

**Officers' Vehicles** - full service maintenance for officers' vehicles. Frequency - on-going.

**Van Pool Shuttle Service** - provides employees with transportation services between San Ramon headquarters and San Francisco headquarters. Frequency - as requested.

#### **Human Resources**

**Benefit Plans Common to All** - provides for the general administration of the Benefit Plans common to all Pacific Telesis Group Companies. Frequency - on-going.

**Benefit Plans Common to Pacific Bell** - provides for the general administration of the Benefit Plans common to Pacific Bell. Frequency - on-going.

**Benefit Plans Delivery** - provides Human Resource services relating to service anniversaries, on-job accidents, workers' compensation, vocational rehabilitation, retirees, and leave of absence and/or anticipated disability. Frequency - as requested.

**Consultant Services/HR, EEO** - provides consulting services on HR processes, EEO/AA issues and provides outplacement workshops to employees. Frequency - as requested.

**EEO Complaints/Investigation** - provide Equal Employment complaint investigation services. Frequency - as requested.

**EEO Compliance/AA** - provides Equal Employment and Affirmative Action methods and procedures. Frequency - on-going.

**Labor Relations-General** - provides labor contract preparation and negotiation, National Labor Relations Board (NLRB) Case supervision, grievance and arbitration support, contract interpretation, pay practices and advice and counsel. Frequency - on-going.

## **A. Goods and Services Provided by Pacific Bell to Nonregulated Affiliates - Continued**

### **Pacific Bell Mobile Services (con't)**

**Labor Relations/Unemployment Insurance Processing** - assists in the processing of unemployment insurance claims, responding to the State of California inquiries, supporting all phases of the appeal process and representing the requesting company before the unemployment insurance board. Frequency - as requested.

**Medical Disability (DAP)** - provides medical supervision and administration of sickness disabilities and long term disabilities. Frequency - as requested.

**Medical/General** - provides general medical advice and counsel. Frequency - as requested.

### **Intellectual Property**

**Pacific Bell is in the process of licensing certain Intellectual Property (including proprietary information) developed by or for Pacific Bell for use by Pacific Bell Mobile Services.** Frequency - as requested.

### **Legal**

**Attorney Services** - provides attorney services. Frequency - as requested.

**Paralegal Support Services** - provides Paralegal and support services. Frequency - as requested.

### **Loaned Employees**

**Employees Under Contract** - provides employees, as available. Frequency - as requested.

### **Marketing**

**Marketing Communications** - provides advice and counsel in development of Marketing Communications Plans, selection of vendors and management of programs. Frequency - as requested.

## **A. Goods and Services Provided by Pacific Bell to Nonregulated Affiliates - Continued**

### **Pacific Bell Mobile Services (con't)**

#### **Planning**

**Corporate Research** - provides research services, statistical reports and access to the Corporate Intelligence Center, a business library research facility. Frequency - as requested.

#### **Procurement**

**Contracting Services** - provides advice and counsel associated with the preparation of Requests for Proposal (RFPs). Frequency - as requested.

**Messenger Service** - provides mail pick up, delivery and special mail dispatch upon request. Frequency - on-going.

#### **Real Estate**

**Property Management (Paved and Unpaved Land Use)** - provides services related to the use of owned or leased building space, paved and unpaved land use, lease negotiations, space planning, engineering and construction services and other space related support services. Frequency - on-going.

**Central Office Collocation (DC Power)** - this service provides DC power and battery backup for PBMS equipment collocated in Pacific Bell central offices. Frequency - on-going.

**Collocated Services (Use of San Ramon facilities)** - provides for the temporary use of assets, furniture, office equipment, supplies and other expenses associated with affiliate employees located in Pacific Bell offices. Frequency - on-going.

#### **Regulatory**

**Regulatory Policy** - prepares, reviews and presents material to support the company relative to applications and tariff filings before state and federal regulators. Frequency - as requested.

**Regulatory Relations** - acts as a single point of contact and provides information for filings and inquiries between the Company and the CPUC. Frequency - as requested.

**Regulatory Support** - provides assistance in responding to information requests in connection with regulatory proceedings. Frequency - as requested.

## **A. Goods and Services Provided by Pacific Bell to Nonregulated Affiliates - Continued**

### **Pacific Bell Mobile Services (con't)**

#### **Sales Services**

**Sales Operations (Referrals) - sales personnel will refer customers to affiliate, negotiate orders for affiliate products, develop training reference materials and develop and maintain methods and procedures related to order negotiation/service order issuance activities. Frequency - on-going.**

#### **Systems Technology**

**Computer Operation and Program Service - provides for planning, developing, testing, implementing and maintaining data bases, application systems and computer operation functions for pension payment activities. Frequency - as requested.**

**Customer Service Program and Computer Operations - provides for implementation and maintenance of data bases, applications systems and computer operation functions for Service Order Processing, Accounts Processing and Billing, Cash Management Remittance, Carrier Access Billing and Message Processing. Frequency - on-going.**

**Timeshare Computer - provides virtual machine processing through remote terminal devices via assigned user IDs. This service includes costs of program and data storage and bulk printing capabilities. It does not include provision of terminal and data communications equipment necessary to access timeshare computer services. Frequency - as requested.**

#### **Telephone Service**

**Telephone Service - provides tariffed telephone services at tariffed rates. Frequency- on-going.**

#### **Training**

**Training Delivery and Development - provides training courses through the Pacific Bell Consolidated Training organization or through an out-of-company training group contracted by Pacific Bell. It also includes the development of job aids, course training materials and customized training and education services. Frequency - as requested.**



NEVADA BELL  
COST ALLOCATION MANUAL

**AFFILIATE TRANSACTIONS MATRIX  
SERVICES PROVIDED BY NEVADA BELL  
TO AFFILIATES**

TRANSACTION PARTY	NATURE OF TRANSACTION	TERMS	FREQUENCY
PACIFIC BELL MOBILE SERVICES	Miscellaneous Consulting	Fully Distributed	As requested
	Engineering	Fully Distributed	On-going
	Loaned Employees	Fully Distributed	As requested
	Marketing	Fully Distributed	As requested
	Planning	Fully Distributed	As requested
	Procurement	Fully Distributed	On-going and as requested
	Real Estate Support Svcs	Fully Distributed	On-going
	Regulatory	Fully Distributed	As requested
	Sales Services	Fully Distributed	On-going
	Telephone Service	Tariffed Rates	On-going